

CORINNE COOPER  
1323 E. Renfrew Place  
Tucson, AZ 85719

January 31, 2005

Dear Senator Cornyn:

I am writing to you to support your effort to pass a bill that would prevent corporations from shopping for the most favorable venue. The current practice has resulted in a "race to the bottom" as bankruptcy courts work hard to lure corporate bankruptcies to their courts.

I was a professor at the University of Missouri—Kansas City School of Law for almost 20 years. My own worst example is the case of Birch Telecom, a Kansas City-based company that filed in Delaware in 2002. After laying off a quarter of their employees—citizens of Missouri, Kansas, and Texas—Birch went into bankruptcy with a prepared plan (known as a "pre-pack") that included significant compensation for the very officers who had led the company into bankruptcy.

A bankruptcy judge from Texas, sitting by designation (because of the volume of cases being filed in Delaware) had the audacity to suggest that he might not approve the plan because of the compensation package. Before his words were out of his mouth, Birch Telecom's attorneys had appealed the reference of the case to that judge. The case was withdrawn, and a Delaware judge, who understood that the game is appeasing the corporate debtors, approved the plan 13 days later.

What possible chance do employees and local creditors have when a distant bankruptcy judge will rubber-stamp the company's every request, in a court too far away for them even to appear?

Congress says that it is trying to stop bankruptcy abuse. Venue shopping is the very worst example of bankruptcy abuse, and it affects the lives of thousands of ordinary Americans—employees and small businesses—every single day.

I wish you good luck in the passage of this important piece of legislation.

Sincerely,

/s/ Corinne Cooper  
Corinne Cooper  
Professor Emerita of Law